

ORIGINAL



0000101626



RECEIVED

2009 AUG 12 A 10:31

AZ CORP COMMISSION  
DOCKET CONTROL

August 10, 2009

The Honorable Kristin Mayes, Chair  
The Honorable Sandra Kennedy  
The Honorable Paul Newman  
The Honorable Gary Pierce  
The Honorable Robert Stump  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Az. 85007

Arizona Corporation Commission

DOCKETED

AUG 12 2009

DOCKETED BY

RE: Arizona Public Service Company Docket E-01345A-08-0172

Dear Commissioners:

I am writing regarding the elimination of free power line extensions by electric utilities like APS and Tucson Electric Power. This new regulatory policy is causing significantly higher development costs, both for production home builders like Pulte and also for private citizens.

From an economic development, stability and recovery perspective, this new policy affects more than just new home construction. Construction activity creates hundreds of jobs, which generates additional spending and tax income throughout Arizona.

I feel that this issue must take into account other economic development considerations along with the interests of protecting ratepayers. This issue has many unintended, negative consequences.

Specifically, in the Tucson area market, the typical construction of each new home creates 2.5 full-time, on-site jobs for one year. Plus, each new home, for example at a \$200,000 price point, generates about \$2,500 in annual property tax revenues for local governments. This policy acts as a disincentive for developers and builders. For example, in a case where this regulation causes a developer to abandon plans to construct 100 homes, it would directly cause the loss of 250 well-paying construction jobs and some \$250,000 in lost property taxes during just the first year alone.

During these very, very difficult economic times, businesses in the private sector have cut costs to survive the recession. Builders have laid off hundreds of employees. Some

construction-related companies have filed for bankruptcy reorganization or have gone out of business.

Proactive actions by the private sector have decreased the cost of labor, materials and land in response to the decline in housing demand, yet government costs in the form of taxes and fees continue to increase.

The economic consequences of this policy appear to be contrary to our current market conditions. During a recession, it is not good economic policy to raise costs that, in turn, cause consumer demand to decrease even more. In addition, builders and ratepayers were left with no options to mitigate the impact of the resultant, drastically increased costs.

I respectfully request that you reconsider re-instating the extension policies and refundable allowances. Developer and builders should not be obligated to bear all the up-front costs associated with the installation of the utilities, while providing customers to the utility company that will provide a steady, stable revenue stream for years to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Thrac Paulette", with a stylized, cursive script.

Thrac Paulette  
Vice President – Land  
Pulte Homes – Tucson Division